

## Message Text

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FOR EUR/CE - BRUCE FLATIN

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TAGS: PFOR, OVIP (KREISKY, BRUNO) AU

SUBJ: KREISKY VISIT TO US: BACKGROUND PAPER: AUSTRIAN INTERNAL  
SITUATION

REF : VIENNA 8873

1. POST-WORLD WAR II AUSTRIA HAS BEEN MARKED BY A HIGH DEGREE OF POLITICAL STABILITY, AND A CONTINUALLY EXPANDING ECONOMY, GIVING RISE TO DOMESTIC SOCIAL PEACE AND A CONSIDERABLE IMPROVEMENT IN LIVING STANDARDS. THIS SITUATION CONTRASTS SHARPLY THE INTER-WAR PERIOD WHEN AUSTRIA WAS PLAGUED BY POLITICAL TURMOIL, MAJOR ECONOMIC FLUCTUATIONS AND LOSS OF CONFIDENCE IN DEMOCRACY. THE FIRSTHAND EXPERIENCE OF THE NAZI AND COMMUNIST SYSTEMS HAS MADE AUSTRIAN HIGHLY SKEPTICAL OF IDEOLOGICAL APPEALS. THE SOVIET OCCUPATION OF AUSTRIA FROM 1945 UNTIL 1955 CONTRIBUTED FURTHER TO THE DEVELOPMENT OF A STRONG NATIONAL CONSCIOUSNESS. THUS, MOST AUSTRIANS TODAY IDENTIFY WITH THE AUSTRIAN NATION AND STATE AND ARE GENERALLY SATISFIED WITH THEIR CURRENT STATUS.

2. THE SOCIALIST PARTY, LED BY BRUNO KREISKY, ASSUMED GOVERNMENTAL RESPONSIBILITY IN APRIL 1970 IN THE WAKE OF A NARROW ELECTION

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VICTORY; IT STRENGTHENED ITS POSITION BY WINNING AN ABSOLUTE

MAJORITY OF SEATS IN NATIONAL ELECTIONS IN OCTOBER 1971. THE SOCIALISTS HOLD 93 OF 183 SEATS IN THE NATIONAL COUNCIL (THE LOWER HOUSE), THE CONSERVATIVE OPPOSITION PEOPLE'S PARTY 80 SEATS AND THE SMALL RIGHT-WING FREEDOM PARTY 10 SEATS.

3. AUSTRIAN SOCIALIST REJECT DOGMATIC MARXISM, ARE STRONGLY ANTI-COMMUNIST, AND ARE PRAGMATIC IN THEIR APPROACH TO POLITICS. THEIR CONSTITUENCY COMPRISES WORKERS, A SEGMENT OF WHITE COLLAR EMPLOYEES AND LEFT-OF-CENTER INTELLECTUALS. THE PEOPLE'S PARTY,

THE MAJOR OPPOSITION PARTY, DRAWS ITS SUPPORT MAINLY FROM THE BUSINESS COMMUNITY, FARMERS AND ACTIVE CATHOLIC GROUPS. THESE TWO MAJOR PARTIES ENJOY THE SUPPORT OF 90 PERCENT OF THE ELECTORATE. THE SMALL FREEDOM PARTY OFFERS MANCHESTER LIBERALISM, ROMANTIC CULTURAL NATIONALISM AND A HAVEN FOR THOSE DISSATISFIED WITH BOTH MAJOR NON-COMMUNIST PARTIES. EXTREMIST PARTIES OF THE RIGHT AND LEFT, INCLUDING THE COMMUNIST PARTY, ARE INSIGNIFICANT, HAVING VIRTUALLY NO IMPACT ON THE DOMESTIC SCENE; AND HAVE NO SEATS IN PARLIAMENT.

4. THE SOCIALIST ASSUMPTION OF POWER IN APRIL 1970 RESULTED IN SOME SHIFT OF EMPHASIS BUT NOT IN SUBSTANCE OF BASIC DOMESTIC POLICIES FOLLOWED BY SUCCESSIVE AUSTRIAN GOVERNMENTS SINCE 1945. PROMOTION OF INTERNAL POLITICAL AND ECONOMIC STABILITY, FULL EMPLOYMENT AND AN EXPANSION OF SOCIAL WELFARE BENEFITS FOR ALL CONTINUE TO BE STRESSED.

5. APPROACHING NATIONAL ELECTIONS IN THE SPRING OR FALL OF 1975 HAVE GENERATED SOME POLITICAL TURBULENCE IN RECENT MONTHS. THE TWO RIGHT-OF-CENTER OPPOSITION PARTIES ARE BELABORING THE SOCIALIST GOVERNMENT WITH SOME EFFECT ON THE ISSUES OF ABORTION-ON-DEMAND, MEDIA REFORM AND INFLATION. RECENT PROVINCIAL ELECTIONS INDICATE A MODEST TREND AWAY FROM THE SOCIALISTS. AT THIS JUNCTURE THE SOCIALISTS ARE STILL FAVORED TO REMAIN THE STRONGEST PARTY IN THE PARLIAMENT AFTER THE NEXT ELECTIONS BUT ARE NOT EXPECTED TO AGAIN WIN AN ABSOLUTE MAJORITY OF SEATS.

6. SINCE 1948 AUSTRIA HAS ENJOYED UNPRECEDENTED SUSTAINED ECONOMIC GROWTH. US ECONOMIC AID OF \$1.2 BILLION PLAYED AN IMPORTANT ROLE IN THIS ADVANCE. REAL GNP GROWTH AVERAGED 6.2 PERCENT IN THE PERIOD

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1967-1973. IN 1974 THE RATE IS EXPECTED TO BE ABOUT 5 PERCENT AND IN 1975 ABOUT 4 PERCENT. THE ECONOMY IS BOOMING AND EMPLOYS ABOUT 250,000 FOREIGN WORKERS. LABOR STRIFE IS NEGLIGIBLE AND THERE IS LITTLE SOCIAL CONFLICT. INTERLOCKING POLITICAL-ECONOMIC INSTITUTIONS HELP TO MAINTAIN INDUSTRIAL PEACE. LIVING STANDARDS HAVE BEEN RISING RAPIDLY AND THE AUSTRIAN SCHILLING, RE-VALUED FOUR TIMES IN THE LAST FOUR YEARS, IS A STRONG CURRENCY. AUSTRIAN EXPORTS CONTINUE TO BE REMARKABLY BUOYANT, INCREASING

BY 36 PERCENT THUS FAR IN 1974.

INFLATION, THE MAJOR DOMESTIC PROBLEM, IS EXPECTED TO CONTINUE AT AN ANNUAL RATE OF 10 PERCENT. A GOVERNMENT STABILIZATION PROGRAM, INTRODUCED IN 1972 AND CONSISTING OF FISCAL AND MONETARY RESTRAINTS AND RESTRICTONS ON CAPITAL IMPORTS, HAS HAD ONLY MODERATE SUCCESS IN STEMMING INFLATION.

7 AUSTRIA IS IN THE PROCESS OF COMPLETING AN EXTENSIVE REORGANIZATION OF ITS ARMED FORCES TO REDUCE SERVICE TIME WHILE INCREASING FIRE POWER AND CAPABILITIES. THE ARMY HAS ABOUT 52,000 MEN, THE AIR FORCE 3,500. THESE FORCES ARE CAPABLE OF MAINTAINING INTERNAL SECURITY, ALTHOUGH THEY COULDNOT DEFEND AUSTRIA- BORDERS AGAINST A SUSTAINED HOSTILE ATTACK WITHOUT OUTSIDE HELP.

8. AUSTRIAN SOCIETY REMAINS BASICALLY A TRADITIONAL ONE. APPROPRIATE RESPECT IS SHOWN FOR FAMILY INTEGRITY, LAW AND ORDER, PERSONS OF AUTHORITY, AND FOR MERIT ACHIEVEMENT IN ALL FIELDS.

9. AUSTRIANS CONSIDER THEIR TWO MAJOR CONTRIBUTIONS TO WESTERN CIVILIZATION TO BE THE CONTAINMENT AND EVENTUAL DEFEAT OF THE OTTOMAN TURK THREAT TO EUROPE AND THEIR CULTURAL ACHIEVEMENTS IN ARCHITECTURE, LITERATURE AND ESPECIALLY MUSIC.

10. THE BASIC STRENGTH OF DOMESTIC INSTITUTIONS, INTERNAL POLITICAL STABILITY AND EXPANDING ECONOMIC AND SOCIAL WELL-BEING ALLOW AUSTRIA TO PLAY A LIMITED, BUT INCREASINGLY IMPORTANT, ROLE IN THE INTERNATIONAL ARENA. HUMES

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